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Stephen J. Fearon Jr. Member stephen@sfclasslaw.com

May 18, 2011

VIA EMAIL & ECF

Honorable Shelly C. Chapman United States Bankruptcy Court One Bowling Green New York, New York 10004

Re: In Re Ambac Financial Group, Inc. 10-15973(SCC);

Ambac Financial Group, Inc. v. Karthikeyan V. Veera

Adv. Pro. No. 11-01265 (SCC)

Dear Judge Chapman:

My firm represents Mr. Veera in the above proceedings. Our proceedings in Bankruptcy Court arise primarily from Mr. Veera's ERISA class action, *Veera v. Ambac Plan Administrative Committee, et al.* No. 10-CV-4191-HB (the "ERISA Action") pending before Judge Baer in the Southern District of New York. Mr. Veera is the named plaintiff and proposed Class representative in the ERISA Action.

We are aware of the *Debtor's Notice of Presentment of Stipulation and Order Modifying the Automatic Stay for the Limited Purpose of Permitting the Parties to the Securities Actions to Seek and Obtain Preliminary Approval of the Settlement in the District Court and Related Relief, filed with the Court on May 9, 2011.* [Dkt. No. 262]. Although Mr. Veera does not object to the Debtor presenting that Stipulation and Order to this Court, we are writing to inform Your Honor that Mr. Veera objects to the scope of the release language in the underlying Settlement Agreement at issue [Exhibit A to Dkt. No. 262]. Mr. Veera objects to the proposed release to the extent that it could be read to release any of the claims in the *Veera* ERISA action. Earlier today, we notified Judge Buchwald in the Southern District of Mr. Veera's objection on behalf of the ERISA Class and the Savings Plan in the *Veera* action. In light of this Court's express retention of jurisdiction over approval contemplated in 35(f) of the Settlement Agreement, we simply wanted to keep Your Honor apprised of Mr. Veera's objection. I am attaching a copy of

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the letter that we sent to Judge Buchwald today.

Respectfully submitted,

SQUITIERI & FEARON, LLP

By: /s/ Stephen J. Fearon, Jr.
Stephen J. Fearon, Jr.

Attachment

BY E-MAIL

cc: Debtor's Counsel of Record

Counsel for the Creditors' Committee Bankruptcy Counsel to Lead Plaintiffs

All Counsel of Record in Securities & Derivative Action

BY FIRST CLASS MAIL

cc: Office of the United States Trustee for the Southern District

Counsel for OCI of the State of Wisconsin

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MEMBERS OF THE FIRM LEE SQUITIERI* STEPHEN J. FEARON, JR. *ADMITTED TO N.Y. & N.J. BARS

May 18, 2011

VIA HAND DELIVERY

Honorable Naomi Reice Buchwald United States District Judge Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312

In re Ambac Financial Group Inc. Sec. Litig., No. 08-cv-00411 (NRB);
Tolin et al. v. Ambac Financial Group, Inc. et al., No. 08-cv-11241 (CM);
Veera v. Ambac Plan Administrative Committee et al., No. 10-cv-4191 (HB)

Dear Judge Buchwald:

My firm represents the plaintiff and the proposed class in the ERISA action entitled *Veera v. Ambac Plan Administrative Committee et al.*, No. 10-cv-4191 (HB) that is pending before Judge Harold Baer, Jr. I write to object to the release language in the proposed settlement that is currently before Your Honor for preliminary approval in the two Ambac securities class actions (*Ambac Financial Group Inc. Securities Litigation* and the *Tolin* action -- collectively the "Securities Actions"). I object to the proposed release language because it could be construed to release some of the claims in the *Veera* ERISA action.

Based upon conversations that I had recently with Lead Counsel for the plaintiffs in the Securities Actions, it appears that the parties to those actions did not intend to release the claims in the *Veera* ERISA action. That makes sense because the *Veera* action involves claims that were not asserted in the Securities Actions, includes some different defendants than those named in the Securities Actions, and involves a class that is different from the class in the Securities Actions. Nevertheless, in order to protect the proposed class in *Veera* and the retirement plan that is at issue in *Veera*, and in order to clarify the scope of the release in the Securities Actions so that there is no confusion as the *Veera* action progresses, I have requested that the parties to the Securities Actions modify their proposed release language to specifically exclude the *Veera*

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action. To us, it makes sense to do this now, before the preliminary approval hearing and before the securities parties notify the class there about the proposed settlement of the Securities Actions.

In order to easily accomplish this, we respectfully suggest that the parties to the Securities Actions add the following sentence to the description of the settled claims in paragraph 1(vv) on page 17 of the Settlement Agreement (Document 123-1 filed May 6, 2011) as well as to the related documents describing the release:

"Excluded from this paragraph and from the release are the claims at issue in the ERISA action entitled *Veera v. Ambac Plan Administrative Committee et al.*, No. 10-cv-4191 (HB) that is pending before Judge Harold Baer, Jr. in the Southern District of New York relating to the Ambac Financial Group, Inc. Savings Investment Plan."

I hope that the parties to the Securities Actions will agree with us and add the clarifying language we request (or similar language) but if that does not happen promptly, we respectfully request that Your Honor provide us with an opportunity to address our concerns and our proposal before Your Honor considers any motion for preliminary approval of the proposed settlement in the Securities Actions.

Respectfully submitted,

Squitieri & Fearon, LLP

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SJF/cs

cc:

The Honorable Harold Baer, Jr. (By Hand Deliver)
The Honorable Shelly C. Chapman (By Hand Delivery)
The Honorable Colleen McMahon (By Hand Delivery)

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Attorneys for the plaintiffs in the securities actions:

Steven Singer, Esq. (By Email) Fredric S. Fox, Esq. (By Email) James S. Notis, Esq. (By Email)

Attorneys for Ambac Financial Group, Inc. and the Individual Defendants in the securities action: Peter C. Hein, Esq. (By Email)
Peter Ivanick, Esq. (By Email)

Attorneys for the Defendants in *Veera*: Gregory Braden, Esq. (By Email)

Christopher Weals, Esq. (By Email)